APPENDIX

Section 211(b), 1918 Revenue Act (Section 102 of 1928 and 1932 Revenue Acts, and Section 105 of Internal Revenue Code). From "The Revenue Act of 1932":

> "SEC. 102. SALE OF MINES AND OIL OR GAS WELLS.
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> "(a) In the case of a bona fide sale of mines, oil or gas wells, or any interest therein, where the principal value of the property has been demonstrated by prospecting or exploration and discovery work done by the taxpayer, the portion of the tax imposed by Section 12 of this title attributable to such sale shall not exceed 16 per centum of the selling price of such property or interest.
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> "(b) For limitation to 12½ per centum rate of tax, see Section 101."

Section 214(a)(10), 1921 Revenue Act, provides in part as follows:

> "(a) That in computing net income there shall be allowed as deductions:
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> "(10) In the case of mines, oil and gas wells, * * * a reasonable allowance for depletion * * * , according to the peculiar conditions in each case * * *: Provided further, That in the case of mines, oil and gas wells, discovered by the taxpayer, on or after March 1, 1913, and not acquired as the result of purchase of a proven tract or lease, where the fair market value of the property is materially disproportionate to the cost, the depletion allowance shall be based upon the fair market value of the property at the date of the discovery, or within thirty days thereafter: * * * In the case of leases the deductions allowed by this paragraph shall be equitably apportioned between the lessor and lessee."

Section 402(c), 1918 Revenue Act [now Section 811(c) of Internal Revenue Code]. From "Internal Revenue Code":

"Sec. 811. Gross estate.

"The value of the gross estate of the decedent shall be determined by including the value at the time of his death of all property, real or personal, tangible or intangible, wherever situated, except real property situated outside of the United States—

"(c) Transfers in contemplation of, or taking effect at death. To the extent of any interest therein of which the decedent has at any time made a transfer, by trust or otherwise, in contemplation of or intended to take effect in possession or enjoyment at or after his death, or of which he has at any time made a transfer, by trust or otherwise, under which he has retained for his life or for any period not ascertainable without reference to his death or for any period which does not in fact end before his death (1) the possession or enjoyment of, or the right to the income from, the property, or (2) the right, either alone or in conjunction with any person, to designate the persons who shall possess or enjoy the property or the income therefrom; except in case of a bona fide sale for an adequate and full consideration in money or money's worth. Any transfer of a material part of his property in the nature of a final disposition or distribution thereof, made by the decedent within two years prior to his death without such consideration, shall, unless shown to the contrary, be deemed to have been made in contemplation of death within the meaning of this subchapter."

Texas Revised Civil Statutes:

"Art. 1291. When an estate deemed a fee simple.—Every estate in lands which shall thereafter

(hereafter) be granted, conveyed or devised to one although other words heretofore necessary at common law to transfer an estate in fee simple be not added, shall be deemed a fee simple, if a less estate be not limited by express words or do not appear to have been granted, conveyed, or devised by construction or operation of law."

"Art. 1292. Form of conveyance.—The following form, or the same in substance, shall be sufficient as a conveyance of the fee simple of any real estate with a covenant of general warranty, viz.:

" 'The State of Texas,

" 'County of.....

" 'Know all men by these presents, That I, ..., of the.....(give name of city, town or county)....., in the state aforesaid, for and in consideration of.....dollars, to me in hand paid by....., have granted, sold and conveyed, and by these presents do grant, sell and convey, unto the said....., of the .....(give name of city, town or county)....., in the state of....., all that certain .....(describe the premises)..... To have and to hold the above described premises, together with all and singular the rights and appurtenances thereto in anywise belonging, unto the said.....his heirs or assigns forever. And I do hereby bind myself, my heirs, executors and administrators to warrant and forever defend all and singular the said premises unto the said....., his heirs and assigns, against every person whomsoever, lawfully claiming or to claim the same, or any part thereof.

" 'Witness my hand, this.....day of....., A. D. 19.....

" 'Signed and delivered in the presence of .....

" '.....' "

"Art. 7146. 'Real Property.'—Real property for the purpose of taxation, shall be construed to include the land itself, whether laid out in town lots or otherwise, and all buildings, structures and improvements, or other fixtures of whatsoever kind thereon, and all the rights and privileges belonging or in anywise appertaining thereto, and all mines, minerals, quarries and fossils in and under the same."

The Capital Gains provisions of the Federal Revenue Acts are fully set out in the Appendix to the orignal application (page 37) and, therefore, are not repeated here.